

EXHIBIT I

From: De-Angelis, Viviane
Sent: Tuesday, January 06, 2004 12:50 PM
To: Stiehl, Bernd
Cc: Kiefer, Dieter
Subject: RE: "Trading Authority Madoff": Feedback and Recommendation, Account Nr. [Redacted]

Thanks. You are "super."

Regards,

Viviane

-----Original Message-----

From: Stiehl, Bernd
Sent: Tuesday, January 6, 2004 1:39 p.m.
To: De-Angelis, Viviane; Kieft, Klaus; Helfferich, Thomas; Lieth, Tanja; Birchen, Rene
Cc: Krings, Armin
Subject: RE: "Trading Authority Madoff": Feedback and Recommendation, Account Nr. [Redacted]

Business is business. We cannot permit ourselves to lose 300 million.

Accept client.

Regards, Bernd

-----Original Message-----

From: De-Angelis, Viviane
Sent: Tuesday, January 6, 2004 8:13 a.m.
To: Kieft, Klaus; Helfferich, Thomas; Lieth, Tanja; Birchen, Rene
Cc: Krings, Armin; Stiehl, Bernd
Subject: RE: "Trading Authority Madoff": Feedback and Recommendation, Account Nr. [Redacted]

Hello Bernd,

Should I accept the client or not? The fund has USD 300 million and is currently at BNP PARIBAS.

Thank you for your reply.

Regards.

Viviane

-----Original Message-----

From: Kieft, Klaus
Sent: Tuesday, January 6, 2004 8:13 a.m.
To: De-Angelis, Viviane; Helfferich, Thomas; Lieth, Tanja; Birchen, Rene
Cc: Krings, Armin; Stiehl, Bernd
Subject: RE: "Trading Authority Madoff": Feedback and Recommendation, Account Nr. [Redacted]

Good morning,

This means that the acceptance of Madoff as a custodian will only be tolerated by Zurich if all conditions described below are met.

and
if internally we have found a way to handle this. For us, this means a duplicating our current US processing, including
Swift and QI, the cash procedures and also the reconciliation.

Regards

Klaus

-----Original Message-----

From: De-Angelis, Viviane
Sent: Tuesday, January 6, 2004 8:02 a.m.
To: Kieft, Klaus; Helfferich, Thomas; Lieth, Tanja; Birchen, Rene
Cc: Krings, Armin; Stiehl, Bernd
Subject: RE: "Trading Authority Madoff": Feedback and Recommendation,
Account Nr. Redacted

What does that mean in plain language?

Regards

Viviane

-----Original Message-----

From: Kieft, Klaus
Sent: Monday, January 5, 2004 6:28 p.m.
To: Helfferich, Thomas; Lieth, Tanja; Birchen, Rene
Cc: De-Angelis, Viviane; Krings, Armin
Subject: FW: "Trading Authority Madoff": Feedback and Recommendation,
Account Nr. Redacted

... the recommendation from Zurich in the "Madoff" case...

So far, a potential set-up has not yet been discussed internally, but you don't need a great imagination to imagine the
effects.

Regards

Klaus

-----Original Message-----

From: Soliva, Florentin
Sent: Monday, March 31, 2003 6:02 p.m.
To: Kieft, Klaus
Cc: Soliva, Florentin; Heumann, Erhard; Weber, Burkard; Staehli, Urs
Subject: "Trading Authority Madoff": Feedback and Recommendation,

Dear Mr. Kieft,

Attached please find our reply to your inquiry to Mr. Heumann regarding the Bernard L. Madoff Investment Securities
LLC (Madoff) approach.

Pursuant to our depository policy, we normally have to give "NO" as the answer in cases like

Madoff. In doing so, we make reference to the following principles: no broker as depository, and the broker may under no circumstances also be a depository at the same time! Such a NO is easy to comprehend for both business policy reasons and risk reasons.

On the basis of the documents at hand regarding the Madoff case we make the following assumptions and can give you a set-up recommendation. Should the mentioned assumptions be incorrect, please notify us so that we can correct our recommendation.

Assumptions:

- Madoff as broker dealer is being monitored and audited by both the SEC (Securities Exchange Commission) and the NASD (National Association of Securities Dealers)
- The client does not yet have a relationship with UBS Lux and could be acquired with a special set-up
- UBS Lux does not have a depository relationship with Madoff yet and this relationship would be a prerequisite for the acquisition of this new client
- Madoff acts as a broker and depository for these client positions, which consist exclusively of US securities
- Luxembourg SICAV: In this case we are dealing with a fund that has only US securities as underlyings
- UBS Zurich will neither have to build a depository relationship for these special positions with this client nor with UBS Lux
- the "discretionary" account at Madoff is made out to UBS Lux ("discretionary" is only meant in reference to the client)
- there are no QI duties/reporting for UBS Luxembourg
- Madoff has some kind of trading authority for the client's entire depository holdings

Possible Set-Up:

As an exception, we can approve the following "direct link set-up" with the conditions listed below:

- 1.) Client has a segregated depository relationship with UBS Luxembourg explicitly for these positions via Madoff. Other additional positions of the client that are not held via Madoff must be posted to and kept in a different account.
- 2.) UBS Lux keeps a segregated depository with Madoff which explicitly contains only the Securities of this one client. Madoff reports to UBS Lux for the purpose of daily reconciliation similar to the reconciliation usage at UBS Luxembourg. UBS Luxembourg is in a position to guarantee the daily reconciliation and has a valid trading authority contract with Madoff.
- 3.) Madoff keeps a separate account for UBS Luxembourg in which only these positions of this one client are kept. The trading authority is limited to only this segregated account and these positions.
- 4.) Cash dealing/funding is done via USD correspondent of UBS Luxembourg (i.e., e.g., standing instruction for dividend payments to UBS Lux via the USD correspondent of UBS; USD acquisitions are undertaken by UBS Lux via this USD correspondent, in favor of Madoff account).

This 1:1 relationship principle would be one possible approach that we could approve from an operational standpoint by way of an exception if the conditions below are also met. From a risk management standpoint, we do, however, recommend that the UBS Lux Compliance Officer be consulted.

Conditions:

- 1.) Valid Trading Authority Contract (TAC) limited only to the positions of this client. From experience, it is advisable to mention in this TAC that only US securities may be traded (e.g., no doubly listed UK securities). This TAC authorization can be revoked at any time, effective immediately.
- 2.) Madoff discharges UBS Lux from any claims that could arise from the execution of transactions under this TAC (e.g., from all claims because of delayed processing of orders if UBS has not received the processing notice on time).
- 3.) A contractual depository relationship is to be established with the client (i.e., not just a management mandate), including the discharges as described in point 4.) below. Furthermore, it must be ensured on the client side that the TAC with Madoff can be amended or even terminated, effective immediately.
- 4.) It is advisable to have the client sign a waiver for corporate actions. We assume that UBS Luxembourg will have an actual and not a contractual agreement regarding corporate actions vis-à-vis the client. Without a waiver, the time component could have major negative consequences in the case of voluntary corporate actions, for example. The client should also release UBS from any duties under these stock exchange transactions. Such a release clause in the contract with the new UBS client should be reviewed thoroughly in light of any potential administrative tasks of UBS Lux.
- 5.) In the event of dissolution of the contract with the client, the immediate cancellation of the TAC is to be ensured.
- 6.) It must be ensured that a default case by Madoff would legally result in the immediate termination of the TAC.

The above is the commentary from our viewpoint as well as the recommendation to set up this unusual relationship. But this must remain an exception.

Best regards
Florentin Soliva

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